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## BOOK REVIEWS

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*Outlines of Economics.* By RICHARD T. ELY. The Macmillan Company, New York, 1900.

It is interesting to observe how far Mr. Ely has deviated in this treatment of economics from the type of the traditional political economy of the English school. The work is divided into four parts or books: "Historical Introduction," "Private Economics," "Public Economics," and "The Development of Economics." The major part of the traditional political economy is devoted to a discussion of what Mr. Ely calls private economics, while in a small portion is usually discussed public finance, which is treated here under the head of "Public Economics."

This work shows evidence of the convergence of the economic thought of the three great schools—the German historical, the English classical, and the Austrian. The principles of the German historical may be seen in almost every page of the book. The emphasis given to public economics is especially characteristic of the German school. In the discussion of private economics the fourfold division of the subject, characteristic of the English classical school, into production, exchange, distribution, and consumption, is still retained. The influence of the Austrian or the psychological school is seen in the explanation of the theories of value, capital, and interest.

Mr. Ely has written extensively on various economic subjects, but in this work alone is to be seen the setting the author gives the science, and his views on the relative importance of the various subjects of political economy. That the work was written primarily as a text can readily be seen from the simplicity of development, the summaries at the close of each chapter, and the suggestive questions bearing on the topics discussed. From Mr. Ely's simplicity of statement, his brevity, and his method of illustration, many of the text-book writers of today should receive an instructive lesson. Even subjects usually most difficult to make clear—the marginal utility theory of value and the influence of bargaining in determining market prices—are presented in a manner which makes them easily comprehended.

The first part of the book is devoted to economic history. The author here thus expresses the view that economic history should precede economic theory. This is decidedly a movement in advance, that it is well to know something of economic institutions and their development before the economic theories which interpret them. In this historical introduction are discussed the economic life of the uncivilized, semi-civilized, and civilized man, the industrial revolution in England, the economic history of the United States, the nature of the subject of economic study, and its relation to the other social sciences.

In the treatment of private economics the author's interests center most largely in the problems of distribution. To the laws governing the shares of wage-earners much space is given. The labor movement, labor organizations, profit-sharing, and corporations are each discussed in separate chapters. The surplus remaining after wages and rent are paid is included under "(1) replacement of capital, (2) insurance

against loss, (3) wages of superintendence, (4) interest on capital, (5) pure profit." Interest is explained as "the result of the fact that future goods, on account of their present inaccessibility, have a lower value than present goods. Pure profit is considered as "a rent, usually temporary, paid to managing ability." "Monopoly profit" is considered as "a rent paid to advantages of opportunity, as location, privilege, etc., when exclusively controlled by individuals.

Mr. Ely's contributions to the development of economic theory lie most largely in the field of public economics, and consequently this is the most valuable part of the work. He makes public economics include the activity of the state in private industry as well as in industries that are entirely public. The author maintains that "by far the most important function of the state is the establishment and maintenance of those fundamental laws which underlie all private economic activity." Some of the fundamentals to the existing social order which are discussed are the right of private property with its limitations and the guaranteed privileges, such as trade-marks, copyrights, and patents, the right of contract, and personal liberty.

These rights and privileges conferred by the state, are considered absolutely essential to private industry. All of them are modified from time to time for the purpose of promoting human welfare, "the only possible basis of human rights." Mr. Ely believes that the right of contract should be limited more than it is at present; likewise the right to establish enterprises, formerly much limited, but now nearly free, should be more restricted. "In the furnishing of free industrial facilities, such as roads, harbors, etc., is seen in its simplest form the participation of the state in industry. From this we have all forms of state participation in industry to the ownership and operation of plants for the manufacture and distribution of commodities. The author considers private monopolies "inherently objectionable." The ownership and operation of private monopolies by the state is deemed eminently desirable. No one in our country has urged more strongly than Mr. Ely the assumption of this function by the state. In the treatment of public revenues and expenditures the various sources of income and purposes of expenditure are classified and discussed.

Mr. Ely does not follow the older economists in making a distinction between science and art—the treatment of *what is* as distinct from *what ought to be*. He frequently passes judgment upon economic institutions, and from a knowledge of our experience with them he states what lines of action ought to be followed.

From the point of view of scope no American work can fairly be compared with the *Outlines*. All interested in the advancement of economic science and the popularizing of economic doctrines owe much to Mr. Ely for this clear, comprehensive, and logical statement of the scope and principles of economic science.

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*Eleven Orations of Cicero, with Introduction, Notes, and Vocabulary.* By ROBERT W. TUNSTALL, Principal of the Norfolk Academy. Gildersleeve-Lodge Latin Series. University Publishing Company.

THE author claims for his book a closer adaptation to the actual needs of pupils than is found elsewhere. Upon the first speech against Catiline, which it is expected will be first read, there are, in addition to unusually full summaries of the chapters in